

**KATRINA RECONSTRUCTION RESOURCE CENTER,
DBA BEACON OF HOPE RESOURCE CENTER**

**Financial Statements as of December 31, 2011
(With Comparative Totals for December 31, 2010)
and For the Year Then Ended
and Independent Auditors' Report**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 13 2012**

**KATRINA RECONSTRUCTION RESOURCE CENTER,
DBA BEACON OF HOPE RESOURCE CENTER**

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Silva Gurtner & Abney

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*Limited Liability Company

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Katrina Reconstruction Resource Center,
dba Beacon of Hope Resource Center
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Katrina Reconstruction Resource Center, dba Beacon of Hope Resource Center (the "Center"), a Louisiana non-profit corporation, as of December 31, 2011, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year condensed comparative information has been derived from the Center's financial statements as of December 31, 2010. In our report dated April 15, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Katrina Reconstruction Resource Center, dba Beacon of Hope Resource Center, as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Silva Gurtner & Abney, LLC

April 30, 2012

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**KATRINA RECONSTRUCTION RESOURCE CENTER,
DBA BEACON OF HOPE RESOURCE CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011
(WITH COMPARITIVE TOTALS FOR DECEMBER 31, 2010)**

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 334,017	\$ 386,875
Grants receivable	35,000	57,858
Accounts receivable	30,346	-
Other assets	<u>553</u>	<u>250</u>
Total current assets	399,916	444,983
Land	80,000	-
Furniture and equipment	75,520	75,520
Less: accumulated depreciation	<u>(56,141)</u>	<u>(41,465)</u>
Total furniture and equipment, net	<u>19,379</u>	<u>34,055</u>
TOTAL ASSETS	<u>\$ 499,295</u>	<u>\$ 479,038</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 10,376	\$ 6,759
Deferred revenue	<u>8,000</u>	<u>-</u>
Total current liabilities	18,376	6,759
NET ASSETS		
Unrestricted	428,406	345,281
Temporarily restricted	<u>52,513</u>	<u>126,998</u>
Total net assets	<u>480,919</u>	<u>472,279</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 499,295</u>	<u>\$ 479,038</u>

See accompanying independent auditors' report and notes to financial statements.

**KATRINA RECONSTRUCTION RESOURCE CENTER,
DBA BEACON OF HOPE RESOURCE CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARITIVE TOTALS FOR DECEMBER 31, 2010)**

	Unrestricted	Temporarily Restricted	Total	2010
SUPPORT AND REVENUE				
Donations	\$ 209,467	\$ -	\$ 209,467	\$ 198,979
Donations of materials and services	55,148	-	55,148	83,081
Contract services	197,883	-	197,883	-
Fees	52,506	-	52,506	32,260
Grants	-	32,500	32,500	152,000
United Way allocations	-	70,000	70,000	105,717
Fundraisers	26,084	-	26,084	29,166
Interest income	1,911	-	1,911	2,408
Loss on sales of furniture and equipment	-	-	-	(20,066)
Net assets released from restriction	176,985	(176,985)	-	-
Total support and revenue	719,984	(74,485)	645,499	583,545
EXPENSES				
Salaries	340,448	-	340,448	289,596
Insurance	19,350	-	19,350	21,643
Employee benefits	10,513	-	10,513	-
Payroll taxes	27,043	-	27,043	19,942
Depreciation	14,676	-	14,676	14,346
Neighborhood cleanup and maintenance	36,183	-	36,183	35,701
Program	84,812	-	84,812	60,488
Office expenses	15,157	-	15,157	17,514
Telephone	9,266	-	9,266	10,460
Professional fees	24,763	-	24,763	25,229
Rent	54,648	-	54,648	51,733
Total expenses	636,859	-	636,859	546,652
CHANGES IN NET ASSETS	83,125	(74,485)	8,640	36,893
NET ASSETS - Beginning of year	345,281	126,998	472,279	435,386
NET ASSETS - End of year	\$ 428,406	\$ 52,513	\$ 480,919	\$ 472,279

See accompanying independent auditors' report and notes to financial statements.

**KATRINA RECONSTRUCTION RESOURCE CENTER,
DBA BEACON OF HOPE RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARITIVE TOTALS FOR DECEMBER 31, 2010)**

	Program Services	Management and General	Fundraising	Total	2010
Salaries	\$ 265,550	\$ 47,663	\$ 27,235	\$ 340,448	\$ 289,596
Insurance	16,818	2,532	-	19,350	21,643
Employee benefits	8,200	1,472	841	10,513	-
Payroll taxes	21,094	3,786	2,163	27,043	19,942
Depreciation	11,522	3,154	-	14,676	14,346
Neighborhood cleanup and maintenance	36,183	-	-	36,183	35,701
Program	73,242	-	11,570	84,812	60,488
Office expenses	4,607	10,164	386	15,157	17,514
Telephone	7,228	2,038	-	9,266	10,460
Professional fees	16,338	4,301	4,124	24,763	25,229
Rent	42,625	12,023	-	54,648	51,733
Total expenses	\$ 503,407	\$ 87,133	\$ 46,319	\$ 636,859	\$ 546,652

See accompanying independent auditors' report and notes to financial statements.

**KATRINA RECONSTRUCTION RESOURCE CENTER,
DBA BEACON OF HOPE RESOURCE CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARITIVE TOTALS FOR DECEMBER 31, 2010)**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 8,640	\$ 36,893
Adjustments to reconcile changes in net assets to net cash (used in)provided by operating activities:		
Depreciation	14,676	14,346
Non-cash donation of land	(80,000)	-
Loss on disposition of furniture and equipment	-	20,066
Changes in operating assets and liabilities:		
Grants receivable	22,858	10,001
Accounts receivable	(30,346)	-
Other assets	(303)	(250)
Accounts payable and accrued liabilities	3,617	(1,874)
Deferred revenue	8,000	-
Net cash (used in)provided by operating activities	(52,858)	79,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	-	(5,750)
Net cash (used in) investing activities	-	(5,750)
NET (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	(52,858)	73,432
CASH AND CASH EQUIVALENTS - Beginning of year	386,875	313,443
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 334,017</u>	<u>\$ 386,875</u>

See accompanying independent auditors' report and notes to financial statements.

**KATRINA RECONSTRUCTION RESOURCE CENTER,
DBA BEACON OF HOPE RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(With Comparative Totals for December 31, 2010)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The Katrina Reconstruction Resource Center, dba Beacon of Hope Resource Center (the “Center”) was chartered in March 2006 and is a nonprofit organization dedicated to helping New Orleans homeowners manage the complexities of recovery and rebuilding after Hurricane Katrina. In 2011, the Center’s service area covered more than 14,000 properties.

Financial Statement Presentation – The Center presents its financial statements in accordance with FASB ASC 958 Not-for-Profit Entities. Under FASB ASC 958, the Center is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted – The portion of net assets that are not subject to donor restrictions.

Temporarily – Contributions that are restricted by donors for specific purposes or time periods.

Permanently – Subject to donor-imposed stipulations that must be maintained permanently.

All contributions are considered available for unrestricted use, unless specifically restricted by donors. All expenses are reported as changes in unrestricted net assets. As of December 31, 2011, the Company did not have any permanently restricted net assets.

Cash and Cash Equivalents – The Center considers all highly liquid investments with a maturity of three months or less at acquisition to be cash and cash equivalents.

The Center maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2011 and 2010, the Center had cash (collected balances in banks) totaling \$373,022 and \$387,913, respectively. These deposits were fully insured in 2011 and 2010. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk due to cash and cash equivalents.

Allowance for Bad Debts – The Center uses the direct write-off method to provide for uncollectible accounts. Management believes use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America. For the years ended December 31, 2011 and 2010, all accounts were determined to be collectible.

**KATRINA RECONSTRUCTION RESOURCE CENTER,
DBA BEACON OF HOPE RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(With Comparative Totals for December 31, 2010)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Donated Assets, Services, Goods and Facilities – FASB ASC 958 Not-for-Profit Entities requires that contributions be recognized as revenue when received. At times, volunteers have donated their time to the Center; however, these donated services are not reflected in the financial statements since the services do not require specialized skill. Donated professional services received as donations are recorded as contributions at fair value at the date of donation. Materials and other assets received as donations are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. For the years ended December 31, 2011 and 2010, the Center recognized \$55,148 and \$83,081 of revenue from donated materials and services, respectively.

Donated Assets, Services, Goods and Facilities, (continued) – Donations of land and furniture and equipment are recorded as contributions at the fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. For the year ended December 31, 2011, the Center received \$80,000 from the donation of land. For the year ended December 31, 2010, the Center did not receive any donated land and furniture and equipment.

Furniture and Equipment – Furniture and equipment are recorded at cost when purchased and at fair market value when received as a donation. Expenditures for maintenance, repairs and minor renewals are charged against earnings when incurred. It is the Center's policy to capitalize expenditures for items in excess of \$1,000 with a life greater than one year. Depreciation is computed using the straight line method over the useful lives of the assets. The lives range from three to five years for furniture and equipment.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs – Advertising costs are expensed as incurred. There was no advertising expense for the years ended December 31, 2011 and 2010.

Income Taxes – The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

**KATRINA RECONSTRUCTION RESOURCE CENTER,
DBA BEACON OF HOPE RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(With Comparative Totals for December 31, 2010)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on actual amounts or management's best estimate.

NOTE B – GRANTS RECEIVABLE

Grants receivable consisted of the following at December 31:

	2011	2010
United Way Allocation	\$ 35,000	\$ 52,858
Rosamary Foundation	-	5,000
	<u> </u>	<u> </u>
Total	<u>\$ 35,000</u>	<u>\$ 57,858</u>

NOTE C – FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31:

	2011	2010
Vehicles	\$ 18,844	\$ 18,844
Computers	5,502	5,502
Equipment	42,239	42,239
Furniture and fixtures	8,935	8,935
	<u>75,520</u>	<u>75,520</u>
Accumulated depreciation	<u>(56,141)</u>	<u>(41,465)</u>
	<u>\$ 19,379</u>	<u>\$ 34,055</u>

Depreciation expense was \$14,676 and \$14,346 for the years ended December 31, 2011 and 2010, respectively.

**KATRINA RECONSTRUCTION RESOURCE CENTER,
DBA BEACON OF HOPE RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010)**

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are purpose restricted and consisted of the following:

	2011	2010
United Way Allocation	\$ 20,000	\$ 30,717
Rosamary Foundation	7,513	29,390
Greater New Orleans Foundation	-	18,791
Starbucks Coast Fund	-	3,100
Harrah's	-	45,000
Allstate	10,000	-
Wisner	15,000	-
	<u>\$ 52,513</u>	<u>\$ 126,998</u>

NOTE E – RELATED PARTY TRANSACTIONS

Professional Services – The Center paid for accounting services from a member of the Board. Expenses related to those services totaled \$10,761 and \$5,258 for the years ended December 31, 2011 and 2010, respectively.

Donations – The Center received donated rent and executive services from members of the Board. Donated rent totaled \$54,648 and \$50,094 for the years ended December 31, 2011 and 2010, respectively. There were no donated executive services for the year ended December 31, 2011. Donated executive services totaled \$25,000 for the year ended December 31, 2010.

NOTE F – CONCENTRATION OF BUSINESS AND MAJOR FUNDING SOURCES RISK

The Center receives grants and donations from the public and agencies, which comprise the majority of its revenue.

NOTE G – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 30, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.